SLAUGHTER AND MAY

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Corporate Update Bulletin

Welcome to the latest edition of Corporate Update. Corporate Update is our fortnightly bulletin offering a quick read of the latest developments relevant to corporate counsel. Please get in touch with your usual contact or any of the contacts listed below if you want to explore any of the topics covered in more detail. If you would like to subscribe to this bulletin as a regular email, please click here.

Publication

Securities claims: What UK listed companies need to know

Our recent publication on securities claims examines how liability to shareholders arises, what is driving the current wave of securities claims, and key themes for boards and issuers to consider now to manage this risk.

Legislation

King's Speech 2026: corporate bills to watch

The King's Speech on 13 May 2026 set out the government's legislative programme for the new session. Two bills which have already made their way to Parliament – the Commercial Payments Bill and the Financial Services and Markets Bill – are discussed further down in this bulletin. Other proposed legislation to watch includes:

- **Competition Reform Bill**, aimed at making competition investigations faster and more predictable. The CMA Board will be given a role in decisions on mergers and market investigations, replacing the current independent Panel model, which the Government considers unique to the UK and difficult to explain to international businesses. The length of market reviews will be shortened from the current 3+ years to 18-24 months. The Bill will also clarify the jurisdictional tests the CMA uses to assess whether it can investigate a merger, giving businesses greater certainty about whether a deal is likely to be reviewed. (For more information about the relevant consultation, see Corporate Update Bulletin - 5 February 2026.)

- **Regulating for Growth Bill**, which will strengthen the duty on regulators to prioritise economic growth, giving ministers a new statutory power to issue "strategic steers" defining what growth means in different regulatory contexts. It will also create cross-economy "sandboxing powers" enabling businesses to test innovative products and technologies (including AI, medicines and defence technologies) in real-world settings under strict controls, with successful trials capable of being embedded permanently into law.

- **Steel Industry (Nationalisation) Bill**, which provides the Secretary of State with powers to transfer ownership of steel undertakings to public ownership, subject to a public interest test. The Bill is presented as a measure of last resort following failed commercial negotiations with the current owner of British Steel.

Late payment reform: Commercial Payments Bill introduced

On 19 May 2026, the Commercial Payments Bill was introduced to Parliament and received its first reading in the House of Lords, following on from its inclusion in the King's Speech. The Bill contains a package of measures to improve commercial payment practices and tackle persistent late payment of commercial debts, including:

- minimum payment terms of a maximum of 60 days in commercial contracts (with limited exceptions);
- mandatory statutory interest at 8% above the Bank of England base rate on debts in commercial contracts;
- implied terms regarding disputed invoices whereby the supplier can recover a fixed sum from a purchaser where a dispute is raised late or without sufficient information; and
- greater powers for the Small Business Commissioner, including the ability to adjudicate payment disputes and investigate large companies' payment practices.

These reforms signal tightening expectations around payment practices, as the Government seeks to crack down on late payments, which currently cost the UK economy £11 billion each year and lead to the closure of 38 UK businesses every day. Companies may wish to review their internal payment policies and processes in anticipation of the reforms.

Financial Services and Markets Bill introduced to deliver on Leeds Reforms

On 19 May 2026, the Financial Services and Markets Bill was introduced to Parliament and received its first reading in the House of Lords. The Bill aims to deliver key aspects of the "Leeds Reforms" by modernising the financial services regulatory landscape, updating the consumer protection and redress framework, and supporting investment and lending to businesses. Key areas of reform in the Bill include:

- reforming the legislative framework for the Senior Managers and Certification Regime to enable the FCA and PRA to operate the regime in a more proportionate and flexible way, including by removing the certification regime and other firm-facing requirements from FSMA 2000;
- abolishing the Payment Service Regulator and consolidating its functions and responsibilities within the FCA;
- shortening the statutory deadlines for the FCA and PRA to determine new firm authorisations and other key applications, creating a new provisional licences authorisation regime for early-stage firms seeking FCA authorisation, and removing a range of reporting requirements that are duplicative or lower value;
- improving the operation of the Financial Ombudsman Service; and
- amending FSMA 2000 to modernise the structural framework for the ring-fencing regime as part of a wider programme of reforms to improve competition in lending to SMEs.

For background information on the Leeds Reforms, please see The Leeds Reforms 2025: Key takeaways and implications.

Register of Overseas Entities and LLPs: draft regulations withdrawn

The draft Register of Overseas Entities (Protection and Trusts) and Limited Liability Partnerships (Application of Company Law) (Amendment) Regulations 2026 have been withdrawn after failing to obtain Parliamentary approval before the end of the session. The draft regulations, discussed in our 30 April 2026 Corporate Update Bulletin, would have addressed a number of practical difficulties with the application process for requesting unpublished trust information held on the Register of Overseas Entities from the Trust Disclosure Service (Companies House). The regulations are expected to be relaid in due course.

News

Financial reporting: FRC findings on structured digital reporting (2025/26)

On 20 May 2026, the Financial Reporting Council (**FRC**) has published its 2025/26 annual report on structured digital reporting (also known as ESEF reporting) for listed companies, based on market-wide analysis and detailed reviews of 30 annual reports.

The Report concludes that most companies' reports were compliant, but flags as matters of concern that some companies:

- applied only a single, high-level tag to disclosures covering multiple accounting topics which required more detailed or multiple tags, creating inconsistencies;
- created custom tags (called extensions), as allowed by the IFRS taxonomy, where such extensions were not necessary, causing comparable information across the market to become fragmented (particularly in the context

of alternative performance measures, equity movements, and cash flow items);
- used extensions that were too broad or imprecise;
- applied tags based on label wording instead of the underlying accounting meaning, leading to disclosures becoming associated with incorrect concepts or identical figures being tagged inconsistently; and
- made errors reporting their earnings per share, usually arising from incorrect scaling (e.g. £75 instead of 75 pence).

The report also notes a number of further issues relating to process and compliance, including:

- failure to make the reports easily available on the company's website or in a viewer-friendly format;
- failing to resolve validation errors and warnings before filing;
- filing structured reports late or failing to ensure successful publication on the National Storage Mechanism (NSM); and
- failing to apply, or apply correctly mandatory UK-specific tags (e.g. group tags applied to parent-only disclosures) which may lead to files being rejected by Companies House in future.

Companies House: retention period for dissolved company records under review

On 12 May 2026 Companies House announced that it is reviewing the retention period for dissolved company records, following concerns that records may need to be held for longer than the current 20-year period. Under the current policy, records of dissolved companies are retained for 20 years, after which some are transferred to the relevant Public Record Office and the remainder destroyed. Companies House has paused the destruction and transfer of records during this review period.

Regulatory Initiatives Grid

The Financial Services Regulatory Initiatives Forum has published the May 2026 edition of the Regulatory Initiatives Grid, setting out expected timeframes for reforms across the regulatory pipeline. Timelines for corporate-related regulatory initiatives include:

- the FCA's planned review of the value and operation of the **Disclosure Guidance and Transparency Rules (DTR)**, with a public consultation document anticipated in Q3 2026;
- the FCA's planned consultation on proposed changes to the Decision Procedure and Penalties Manual in June 2026 (including increasing minimum fines for individual market abuse);
- the **Dematerialisation Market Action Taskforce** reporting by summer 2026, with a recommended "go-live" date before the end of 2027 for Step One (replacement of paper certificates with digitized share registers); and
- the FCA's review of aspects of the **UK Listing Rules (UKLR)** affecting certain investment entities, with a consultation paper of the FCA's proposals expected in Q2 and the review to be completed by end of Q4 2026.

Case law

Contractual warranties may be actionable misrepresentations and term sheets can be legally binding

In *Hoffman v Finalto Group Ltd*, the High Court found that (i) an equity term sheet was legally binding on the buyer, and (ii) that statements in a management warranty deed amounted to actionable representations.

The dispute arose from the acquisition by Gopher Investments (**GI**) of Finalto Group Limited (**FGL**). The parties entered into an equity term sheet in 2021, alongside other documents relating to the acquisition, including a share purchase agreement (**SPA**) and a Management Warranties Deed **MWD**). The claimants - FGL's CEO and COO - subsequently claimed management equity entitlements under the term sheet. GI argued that the equity term sheet only required it to negotiate definitive documents in good faith, and issued a counterclaim alleging fraudulent misrepresentation based on warranties given by the claimants in the MWD.

Status of Equity Term Sheet: The Court held that the term sheet created binding obligations on GI to implement a new holding company and to issue management equity, on the basis of the wording: "This Term Sheet is legally binding on the parties, subject to a definitive agreement" (despite no definitive documents having been agreed). This was reinforced by the inclusion of mandatory language in the term sheet. The case underlines the importance of using clear language if parties wish a term sheet (or part of a term sheet) to be of no legal effect.

Could the warranties also be representations?: The Court accepted the baseline rule that a warranty does not,

without anything further, imply a parallel representation. The question is whether there is any other context or conduct that transforms the statement into a representation. In this case, the statements in the MWD were not confined to being warranties and did constitute representations for the following reasons:

- the factual nature of the statements providing information unlikely to be within the buyer's knowledge;
- the sequence of execution, in particular the draft documents being seen before the entry into the final deal documentation, and the SPA being executed after the MWD and disclosure letter, meaning the statements could be said to have been made prior to (and to have induced) the signing of the SPA;
- certain clauses in the MWD and disclosure letter indicated that statements within the MWD could constitute representations. For example, the MWD stated that no party had entered into the transaction documents on the basis of any representation or warranty that was "not expressly incorporated into" the MWD, implying that representations could have been made that were incorporated in the MWD (in the form of warranties). The disclosure letter stated that "the Management Warrantors make no representation or warranty in relation to any disclosed matter or document which is not expressly given in the Warranty Deed", envisaging that there could be representations given in the MWD.

On the evidence, the Court held that the representations were not shown to be untrue or to have been made fraudulently. While it is important to see this case in the context of its facts, it is a reminder of the potential avenues for bringing misrepresentation claims in the context of M&A transactions. Such claims can fall outside the agreed contractual liability caps and limitations applying to the warranties. Given the Court's reasoning, it is likely that sellers and their advisers will be checking the sequencing of signing documents (particularly in the private equity context where separate management warranty deeds are more common). They should also look more closely at entire agreement and non-reliance clauses to avoid any inference that representations may be included in the transaction documentation.

High Court sanctions cross-class cram down despite HMRC dissent

In *Re Waldorf Production UK plc [2026] EWHC 1014 (Ch)*, the High Court sanctioned a restructuring plan under Part 26A of the Companies Act 2006, exercising the cross-class cram down power against HMRC.

The court held that while HMRC is a "unique type of involuntary creditor" whose views deserve considerable weight, HMRC's status and duties as a public body did not prevent the court from exercising the cross-class cram-down power against it. The court also held that the "no worse off" test in section 901G(3) should focus on the effect of the restructuring plan on HMRC as a plan creditor, and not take into account broader Exchequer impacts (such as reduced tax take arising from preservation/transfer of tax losses), although the court could take such tax losses into consideration when considering fairness issues.

The court also disagreed with HMRC's submission that sanctioning the plan would open the floodgates to Part 26A being used to extinguish unwanted tax liabilities in private M&A deals, because any party seeking a cram down of HMRC would still have to satisfy Part 26A jurisdictional hurdles, as well as demonstrating the fairness of the plan.